Field Poll Study Fact Sheet

CALIFORNIA DEPARTMENT OF HEALTH SERVICES

RESEARCH:

The 2001 Field Poll Long-Term Care survey was third in a series commissioned by the Department of Health Services' California Partnership for Long-Term Care program to gain perspectives of Californians on long-term care issues. As medical science and the awareness of the positive impact of diet and exercise continue to help people live longer, there is a growing need for long-term care (assistance with bathing, eating, dressing, etc.) in the later years of life. The high costs and emotional challenges associated with such care can devastate unprepared families.

METHOD:

The 2001 Field Poll was based on a random, representative sample of 1,003 California adults age 18 or older. The sample for the survey was developed using random digit dialing methods and the telephone interviews were conducted in either English or Spanish from September 7-10, 2001. After the completion of interviewing, appropriate statistical weights were developed to match the sample of California adults interviewed to known parameters of the total adult population in California.

FINDINGS:

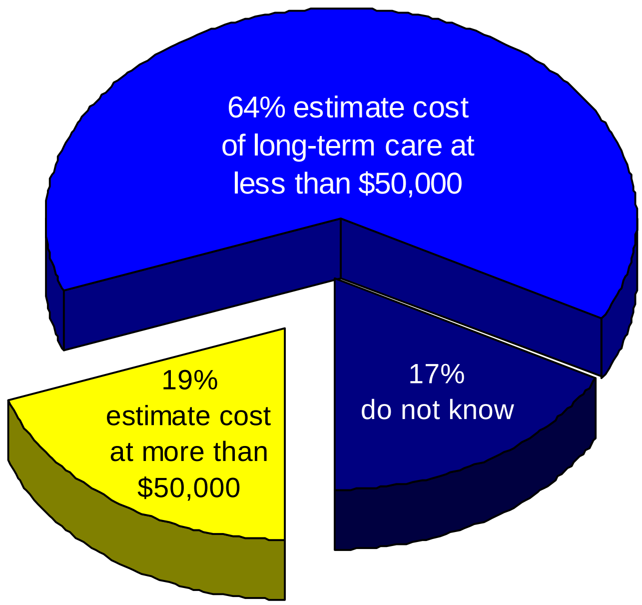
- Almost one-half of those surveyed (44.9 percent) believe they have less than a 25 percent chance of being admitted into a nursing facility. However, Californians age 65 years or older faces about a 50 percent chance of entering a nursing facility.
- Most alarming was that that Asians, African-Americans, and Latinos showed a markedly high level of denial of needing long-term care.
- While average nursing home care costs in California can soar well beyond $50,000 per year, only one out of five respondents is aware of this reality.
- Over one third (33 percent) say their family assets and income will be enough to pay for long-term care should it be needed.
- Only one out of ten surveyed have invested in a program to cover the costs of this care.
- Nearly one quarter of the respondents (24 percent) say their children or family would provide the care or help pay for it if it is needed.
- The majority of respondents (over 55 percent) with private health insurance either believe that their policies will cover long-term care or are uncertain. The fact is almost no health insurance plan covers long-term care for an extended period of time.

FUNDING:

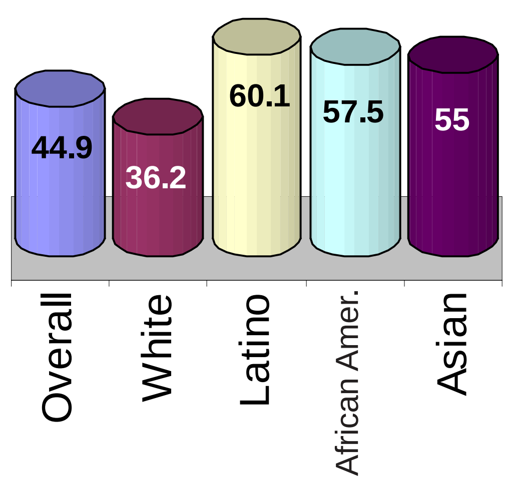
The 1994, 1996 and 2001 Long-Term Care Field Polls were funded by the California Department of Health Services' California Partnership for Long-Term Care Program.

Field Poll Study Charts

More than 80% of Californians Unfamiliar with Costs of Long-Term Care



Nearly Half of Californians Critically Underestimate the Probability of Spending Time in a Nursing Home



Backgrounder

CALIFORNIA PARTNERSHIP FOR LONG TERM CARE

CALIFORNIA DEPARTMENT OF HEALTH SERVICES

California Partnership for Long-Term Care

The California Partnership for Long-Term Care (Partnership) is a program within the California Department of Health Services. Established as a demonstration project on July 29, 1994, the three major goals of the Partnership are to educate consumers about the risks and costs of long-term care and the available financing options; improve the quality and availability of long-term care insurance policies available to Californians; and offer Californians at risk of becoming impoverished by long-term care expenses an affordable, quality insurance protection. The Partnership targets middle-income Californians between 50 and 74 years of age with assets of $30,000 to $250,000.

How the Partnership Works

The Partnership is an innovative public/private alliance between consumers, the State of California, and selected private insurance companies, as well as the Public Employee's Retirement System (PERS). The Partnership endorses high quality, affordable long-term care insurance policies to middle income Californians – those at highest risk of becoming impoverished due to the high costs of long-term care.

The Partnership educates middle income Californians about the risks and costs of long-term care. It is anticipated that this heightened awareness will result in the purchase of long-term care insurance, thereby reducing the number of people becoming impoverished as a result of spending down their assets to meet the Medi-Cal criteria to pay for their long-term care expenses. Most importantly, it allows individuals to maintain control of their lives and their finances, and to choose how and where they receive their long-term care.

The Partnership has established certain standards and consumer protections that partner insurer companies must include in Partnership-certified long-term care insurance policies. Partnership insurance policies are created, priced and marketed by approved insurers only.

Who Pays For Long-Term Care?

Half of all women and a third of all men who are 65 years of age and above will spend some time in a nursing home. Of those who enter a nursing home, 55 percent will stay at least one year, and 21 percent will remain longer than five years. One year of care in a California facility currently costs over $51,000. In fifteen years, costs are expected to double to over $100,000 per year.

Medicare pays very little of the expense associated with long-term care. Also, Medigap insurance policies or individual health insurance policies typically do not cover long-term care either. Thus, without a long-term care insurance policy, individuals must pay for their long-term care expenses out of their own pocket – from their personal or family savings or income. The Congressional Subcommittee on Aging reports that 70 to 80 percent of residents in nursing homes today spend their assets on care within one year. If the cost of such care impoverishes an individual, Medi-Cal will pay for the cost of long-term care, but only after a person's assets have been spent.

Each year, many Californians are forced to "spend down" their life savings in order to qualify for Medi-Cal to provide thier long-term care. Another 20 percent of patients in nursing homes are in the process of spending down their assets to become eligible for Medi-Cal. Medi-Cal currently pays about 65 percent of all long-term care and is the largest payer of long-term care in California, costing $3.3 billion annually. National consensus is that government will not be able to continue to fund long-term care and that the most

Continued

feasible alternative to reduce the future unmanageable long-term care cost burden is through public/private partnerships. The National Governor's Association supports the four state Partnership programs and has urged Congress to allow other states to replicate these Partnership programs.

Unique Attributes

In four states – California, Connecticut, New York and Indiana – consumers can purchase Partnership long-term care insurance protection. This unique form of protection allows a person to keep some or all of their assets. This feature, only available in a Partnership-certified policy, is called "asset protection."

How Does Asset Protection Work?

To qualify for Medi-Cal to cover the costs of long-term care, individuals must spend down virtually all of their savings until they are considered at poverty level. However, individuals who have purchased a Partnership policy will be able to retain savings and other investments equal to the amount their private insurance pays out for long-term care. For example, if an individual has a two-year long-term care policy, but actually needs five years of care, their policy will pay benefits for two years (let's assume an amount equal to $100,000) and Medi-Cal will allow them to keep $100,000 of their assets when determining their eligibility for Medi-Cal coverage to continue paying for their long-term care needs for the remaining years.

Do Partnership Policies Cost More?

Partnership policies are priced by each of the partner insurance companies. In general, a Partnership policy will cost the same as a traditional policy with the same benefits and features. The asset protection feature provided by the state does not increase the cost of insurance.

Getting More Information

The Partnership has produced consumer booklets that offer a simple explanation of the Partnership program and its special features. Consumers can obtain copies by calling the Partnership's consumer inquiry line at 1-800-CARE-445. For more information, consumers can visit the Partnership's Web site at www.dhs.ca.gov/cpltc.

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The individuals listed below are licensed Long-Term Care Insurance Agents who have been recognized by the California Partnership for Long-Term Care for their outstanding contributions to their field. They have all participated in media training sessions, are fully prepared to act as spokespersons and can be easily reached for interviews at the contact numbers listed.

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Long-Term Care Fact Sheet

CALIFORNIA PARTNERSHIP FOR LONG TERM CARE
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- More than 43 percent of those who turn 65 will spend some time in a nursing home. *(Source: National Center for Policy Analysis, A Long-Term Solution to a Medicaid Problem. November 17, 1995.)*
- Older women are at much higher risk of chronic diseases and disabling conditions as they age and ultimately are more likely to require costly long-term care and long-term care insurance. *(Source: National Policy and Resource Center on Women and Aging, 1997.)*
- The older population - persons 65 or older - numbered 34.9 million on November 1, 2000, comprising about one in every eight Americans. The total number of Americans in this age group, which includes 14.5 million men and 20.4 million women, is 12 percent higher than on Census Day, 1990. *(Source: Current Population Survey-U.S. Census Bureau.)*
- The older population itself is getting older. In 1999 the 65-74 age group (18.2 million) was eight times larger than in 1900, but the 75-84 group (12.1 million) was 16 times larger and the 85+ group (4.2 million) was 34 times larger. *(Source: US Census, NCHS.)*
- About 50 percent of all nursing home residents are 85 or older, thus the current nursing home population is more frail than ever before and requires more specialized care. *(Source: CDC, National Nursing Home Survey, NCHS.)*
- In frontier America, 1 in 10 would live to age 65. Today, 80 percent of Americans will live past age 65. (expectancies: age 80 for males, age 84 for females). *(Source: Phyllis Shelton's Long-Term Care Planning Guide, 1998.)*
- In 1990, 37,000 Americans were over age 100. In the year 2000, that number has almost doubled to 72,000. At the present rate of increase, it will reach 834,000 by mid-century. Four out of five American 100-year-olds are women. *(Source: National Institutes of Health.)*
- Over 40 percent of Americans receiving long-term care are under age 65. Ten percent of nursing home patients are under age 65. *(Source: Phyllis Shelton's Long-Term Care Planning Guide, 1998.)*
- The most frequently cited reason for an individual purchasing long-term care insurance is to maintain independence of choice. *(Source: Health Insurance Association of America, Survey, 1998.)*
- Nursing home costs in California average $140 a day (or $51,000 per year). This cost is expected to exceed $200,000 per year by the time the baby boomers need long-term care. *(Source: CA Office of Statewide Health Planning and Development.)*
- Of those who enter nursing homes, 55 percent will have a total lifetime use of at least one year, 24 percent will stay between one and five years and 21 percent will have a total lifetime use of five years or more. *(Source: National Center for Policy Analysis, A Long-Term Solution to a Medicaid Problem. November 17, 1995.)*
- More than half the people who go into a nursing home will spend between $51,100 and $255,500 (in year 2001 dollars), and one person out of every five will spend even more, perhaps much more than that. *(Source: CA Office of Statewide Health Planning and Development.)*
- Nearly 60 percent of Americans over 65 will need some type of long-term care. *(Source: LifePlans, 1990.)*

How to Talk to Parents: "The Conversation"

CALIFORNIA PARTNERSHIP FOR LONG TERM CARE
CALIFORNIA DEPARTMENT OF HEALTH SERVICES

It may be the most frustrating concern among baby boomers today: how to get the parents to talk about long-term care needs-*before* a crisis hits.

A recent American Association of Retired Persons (AARP) survey found that two-thirds of adult children have never had this conversation because they don't know what information their parents need or where to find it. Talking to parents about private, uncomfortable matters is never easy. From long-term care insurance to end-of-life wishes, this conversation is loaded not only with concerns about maintaining independence but also with unexamined family dynamics, sibling rivalries and communication problems.

How do you know when a parent needs help? How do you bring up the subject? When you start having these concerns, it is time for "the conversation."

"No one plans to take care of a parent," says Virginia Morris, author of *How to Care for Aging Parents*. "So think ahead. Many preparations, such as buying long-term care insurance, must be done well in advance."

Getting involved in parent care does not mean controlling their lives. It means framing questions and helping them make choices. The best way to start this process is to learn about home- and community-based programs. This can be done by calling the local Area Agency on Aging (AAA) and by searching Internet caregiving and aging sites.

The next step is communication: Set up a family meeting in person, by e-mail, in private Web chat rooms or through telephone conferencing. Everyone possible should be involved: parents, adult children and their spouses, grandchildren and concerned relatives or neighbors.

"We need to break down communication barriers between adult children and parents that can leave a family at risk for exposure to financial, physical and emotional consequences when Mom and Dad need long-term care," says Sandra Pierce-Miller, program director for the California Partnership for Long-Term Care. "Children have a pretty good understanding of what parents desire in terms of death and dying and estate planning, but no idea of the dreams and visions for the years when they may need long-term care."

Because it is not always easy to bring up these topics, approaches might include:

- Saying you are beginning your own family's estate planning and need their advice.
- Sharing your emotional concerns directly.
- Assuring you do not want to take over their affairs but are concerned that needs will be met, especially if a crisis occurs.
- Giving them a list of questions and scheduling time to talk later.
- Admitting you are worried about their driving, for example, and offering to find alternate arrangements.

In many instances, caregivers encounter resistance from parents who are embarrassed or who don't want to be a burden. In this case, it is wise to employ a third party professional such as a private geriatric care manager, a financial analyst, a therapist, clergy or an elder care attorney to facilitate the proceedings.

The meeting should focus on facts and issues, not on negative emotions or past conflicts. Each person should be allowed time to share concerns and suggest solutions. Then family members can agree to specific actions, such as what help is needed and who will provide it. Even siblings who live far away can handle bills, make phone calls or do Internet research. And remember that just because your parents have different views does not mean they are invalid.

Continued

Here are questions to explore at the meeting:

- What are your parents' perceptions about current needs and biggest worries?
- What are your parents' health conditions today? Future prospects?
- Is their home still accessible, or does it need modifications for disabilities and hazards? Is a move warranted?
- Do they need help with daily chores, meals, bathing, errands?
- Can they still drive safely?
- What are your parents' current and future financial needs? Do they need planning assistance?
- Have they executed the necessary legal papers (wills, trusts, powers of attorney), and are they up to date?
- Do they have adequate health insurance and long-term care insurance?
- What are their wishes for end-of-life care?

Not every family succeeds in getting their parents to do some early planning. But the risks of *not* even trying to have this conversation are significant. Caregivers can become so overburdened that their physical health collapses; their fatigue and frustration can lead to depression and even divorce; a lack of sufficient legal and financial planning can send a family into bankruptcy. Not only are most of the costs of long-term care not covered by health plans, but many caregivers also cut back on work hours or quit altogether in order to provide care. In the worst of scenarios, some caregivers have even died before their loved ones because of the stress.

Pierce-Miller cautions that families need to make a paradigm shift in thinking about long-term care from the notion that remaining at home is always best to realizing that assisted living residences may be a better option, both financially and emotionally, especially if there are no caregivers available.

"We don't walk away from our parents when there are physical, financial and emotional issues," she says. "We step in and take care of them. This is about relationship."

For more information and free brochures on long-term care planning, contact the California Department of Health Services, California Partnership for Long-Term Care at (800) CARE445.

Beth Witrogen McLeod is a journalist, speaker, and consultant on caregiving, spirituality, and wellness at midlife. Her most recent book is "Caregiving: The Spiritual Journey of Love, Loss, and Renewal" (Wiley, 2000).

Partnership-Certified Long-Term Care Insurance Carriers

CALIFORNIA PARTNERSHIP FOR LONG TERM CARE

CALIFORNIA DEPARTMENT OF HEALTH SERVICES

Bankers Life and Casualty
(888) 2828-BLC

CalPERS Long-Term Care Program *
(800) 205-2020

CNA Insurance
(800) 262-0348

GE Financial Assurance
(800) 354-6896

John Hancock Life Insurance Company
(800) 377-7311

New York Life Insurance
(800) 224-4582

Transamerica Occidental Life Insurance
(800) 690-2758

***** The CalPERS (California Public Employee's Retirement System) Long-Term Care Program is an additional option available to all California public employees and retirees - that includes city, county, and state employees, school teachers, legislators, judges, University of California employees and retirees. Also eligible to apply are public employees' and retirees' spouses, parents, and parents-in-law.